

President's News Conference on Foreign and Domestic Issues

Following is a transcript of President Reagan's news conference last night in Washington, as recorded by The New York Times.

OPENING STATEMENT

I have a short statement. Good evening. The Congress has returned, and we know, from the record, that the business is pending and I'll be commenting on much of this in the days ahead. But tonight I want to highlight three matters at the top of the domestic agenda for the next 10 days.

First is crime. The Senate is completing its work on the most sweeping antismuggling bill in more than a decade. Our legislation provides a long overdue protection to law-abiding citizens and it would help put an end to the era of codfishing criminals. The security of our people should take precedence over partisan politics. I ask the House to stop dragging its feet and to act promptly.

Second, prayer in schools. The Senate will begin debate shortly on whether to permit voluntary prayer again in our nation's schools, our children's schools. And a huge number of Americans favor restoring this long-cherished tradition of religious freedom. I urge the Senate to reaffirm that voluntary prayer in school is a constitutional right.

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QUESTIONS AND ANSWERS

Pulling Out Marines

Q. Mr. President, the marines you pulled out of Lebanon 17 months ago, are being withdrawn on your orders. Considering their inability to achieve their peacekeeping mission and the casualties they suffered, would you not think it would be a good idea to pull out the United States last credibility in the region? Has Syria won? And where do we go from here?

A. Well, in the first place, no, I don't think first of all that you can say we have lost as yet. I know that things don't look bright — as bright as they have at some times in the last year and half since they've been there — but I think it's time to review a little bit of history here and what this mission was and is.

A year and a half or so ago we and some of our allies — the United Kingdom, France and Italy — decided on the idea of a multinational force — all of them to contribute troops to go all in on a stabilizing mission, not a combat mission at all. And I would like to recall what the situation was. There had been five years in the last 38 years between Syria and Israel. Syria had across the Lebanese border, there were forces of terrorist attacks across the northern border, attacks on her civilians — and Israel had advanced all the way to Beirut. There were some between 10,000 and 15,000 P.L.O. terrorists in Beirut and a pitched war was being fought in the streets with thousands of casualties among civilians.

So we decided to go on. And since 1975 Lebanon had been fighting a kind of civil war among its own people. There was very little in the way of a government in Lebanon by that time. The P.L.O. — finally there was an indication that they would be willing to depart from Lebanon, but they were fearful of stopping fighting. They feared that they would then, if they tried to, an orderly way to get out, they would be massacred. And one of the reasons our stabilizing force was going in from the four countries.

We went in with the idea that as they left, then the other two countries, Syria and Israel could withdraw. Then as a government was put in place in Lebanon and we helped to restore their military capability, not only with weapons but with training and all, that then as Lebanon with a government was able to move out into the areas that had been occupied by Syria and Israel and where there were the factions that had been part of the intestine warfare.

The force put in by ourselves and the allies would constitute a stabilizing force. Now that was the mission. We wanted to prevent a war between Syria and Israel. It was a peace mission. It was brought about by our proposal for an overall peace settlement in the Middle East where we were the only ones to bring about for all the Arab nations and Israel together to do what Egypt before them had done.

Great progress was made in the first year. First of all the P.L.O. did leave. The Israelis did start a phased withdrawal and evidenced their intention to move back toward their own borders. Syria then reneged having said that it would leave, and we had to leave because they were asked by the present government of Lebanon. The first president was the brother of this present president. He was assassinated shortly after he took office and a number of his Cabinet and officials were murdered. It was his brother, under the laws of that country.

A few months ago — late summer — early fall — because of the progress, remember the talks that had started in Geneva about broadening the base of the government to take in those factions that had been fighting against Lebanon and bring them in to be a part of the government so that it was broad-based and gave every element in the country representation.

Those meetings went on. I think there was progress in that. The Government of Lebanon then arrived at an agreement with Israel for peace between them and a withdrawal of Israeli troops and protection of the northern borders so that the terrorist attacks that had prompted their invasion would no longer exist. As this much success came to the terrorist attacks began against the members of the multinational force on the part of those who don't want a peaceful settlement and who don't want a solution to the problem. And I think this is an indication that the success that this stabilizing force was having — that

the efforts were made and a great tragedy took place with our marines with the suicide attack there.

Now, we still have an ambassador at large there that is commuting between Damascus and Beirut, Tel Aviv, trying to help bring together in bringing about a peaceful settlement. I have no hesitation in saying that I have no regret in the fact that we went in there with the idea of trying to bring peace to that troubled country. We are redeploying because once the terrorist attack started, there was no way that we could really contribute to the original mission by staying there as a target just hunkering down and waiting for further attacks.

So the forces have been moved, redeployed — ours as well as others — and our goal was to be the vessel, self-offers. But as long as there's a chance for a peaceful solution, we're going to try and see if there's any contribution we can make to achieving that. As long as that chance exists, I'm not going to give up and say, well, I've all over and we're not bugging out, we're just going to a little more defensible position.

Motive for Pullout

Q. Mr. President, you said that the terrorist attacks were a factor in the withdrawal. Does this mean that terrorist attacks were being carried out in the Middle East and elsewhere?

A. No, I have said that about those attacks — to simply put out and come out of the way — but I don't think that simply redeploying to a government position about the terrorists attacks — no one has still found a truly fool-proof defense against these surprise attacks particularly in Lebanon. I don't think we can give their own lives. So, no, we're not on hand. We still will have marines there to defend the embassy of the marines defending our embassy and our embassy personnel there. And we have been discussing with the Gemayel forces sending some training teams in that have been specializing in things like terrorism for further training of their forces.

Impact of the Pullout

Q. Mr. President, on Feb. 2 you told The Wall Street Journal that if we pulled out of Lebanon, it would be disastrous results worldwide for us, and you also said you weren't going to cut and run even though there was a terrorist attack. Now, I'm wondering what we're doing. My question, sir, is do you think we will have now widespread — disastrous results worldwide — of this pullout? And I'd like to follow up.

A. Helen, I don't think so because I think that those people who make decisions and so forth, they are going to make them based on what is going on. They're not going to see this as a withdrawal and say, well, that's the end of the line. They are on the ships and that naval task force is going to stay where it is. So I don't think that they're going to view this in the disastrous way that you're doing. My question, sir, is do you think we will have now widespread — disastrous results worldwide — of this pullout? And I'd like to follow up.

A. Helen, I don't think so because I think that those people who make decisions and so forth, they are going to make them based on what is going on. They're not going to see this as a withdrawal and say, well, that's the end of the line. They are on the ships and that naval task force is going to stay where it is. So I don't think that they're going to view this in the disastrous way that you're doing. My question, sir, is do you think we will have now widespread — disastrous results worldwide — of this pullout? And I'd like to follow up.

Purpose of Mission

Q. Mr. President, when our marine compound was bombed, a lot of the parents of those young men said they wondered what was the reason for the mission, and they were tried to explain the mission. But can you say to those parents, now that you've withdrawn the Marines to the ships, why more than 200 young men died there?

A. Andrea, I have talked to a great many of the families, the widows and the parents of the men who died there. I don't think they're angry. They have been amazed at their attitudes, which was one of complete confidence that it was a worthwhile mission, and that that might reduce the likelihood that they were receiving from their sons and husbands who said they believed in the mission. They were there that it was a worthwhile mission. And many of them expressed a

pride in being there. I'm sure that now some of the younger men that are not really aware that this is a redeployment more than a coming home thing, have been concerned that they're sorry that they were trying to complete their mission. Well, I don't see their mission as being over. I see it as a redeployment. I think people know that we're going to see it as over yet.

Record of Shultz

Q. Sir, the Secretary of State has been very vocal in the past. He is said to be very discouraged, and has said that in Lebanon the light at the end of the tunnel can be the train coming at you. Can you tell us whether you share that discouragement, and would you accept a resignation from George Shultz, who some people feel has failed in his policy?

A. No, I wouldn't, and he has not failed. And I have seen that talk and I think it's disgraceful, frankly, I think he has done a splendid job, and I have every confidence in the world in him. I hope he does have any thoughts about leaving us. I want to point the idea for the mission hasn't been to mine, sitting in the situation and not doing anything. I want people that are concerned in these affairs. And he and our ambassadors, beginning with Phil Habib and then Don McManus and now Don Rumsfeld, all of these have been doing a splendid job there. And we're going to continue, as I say, as long as there is a chance.

Shelling in Lebanon

Q. Mr. President, my finger must not aim right. I'm sure you're in the back. Mr. President, our policy on naval shelling has been that it's in response to attacks against our marines on the coast. Now that the marines are being withdrawn to the safety of ships, does this mean that there will be no shelling in Lebanon?

A. Well there hasn't been some shelling for quite a while, but remember the most recent shelling was not because of attacks on our marines at the airport. It was because of shelling of our embassy. Now that the United States territory, and our embassy personnel, are in a number of ships, living in the basement, and for whatever protection that could be, there's one direct line to — I think it was the residence, I'm not sure whether it was that or the embassy headquarters — and that's what we were repositioning. We're behaving with restraint now. We are flying reconnaissance flights and there have been some instances of firing on them without results. I'm pleased to say. And we have not responded because we think this is a time for restraint and for hoping to cool things down.

Aid for Gemayel

Q. Mr. President, if I may follow up. Did you say earlier that — suggest earlier — that there may now be some question about whether the troops will be sent in to train the Gemayel Government forces?

A. Well, this has been one of the things that we're planning, and we're watching developments here as to when that might be — they might be too busy right now to be being trained. We're waiting until we can coordinate with them.

Selling Alaskan Oil

Q. Back home, Mr. President — this week the Senate will consider amendments to the Export Administration Act. One will be to lift the ban on the export of Alaskan oil, allowing it to be sold to markets in the Far East. If a change in the law were to take place, it would reduce our trade deficit with Japan. It would reduce the Federal deficit by generating new revenues and increasing domestic exploration and production, provide safer and cheaper transportation, instead of going through the Panama Canal, and many other things. Your Administration has privately supported this. Will you campaign against Congress when it's being considered by Congress?

A. Well we're still looking and studying at this. There are still some problems about it. I share the view that it would be an asset to the United States to do this.

Q. May I ask you if one of your problems is that a final decision is the opposition that the maritime unions have expressed?

A. Well, I have to say that considering that we're a maritime nation, the maritime force — has to be one because they are essential to our national defense, and as an adjunct to the Navy. And we want to make sure that there is a Merchant Marine existence in this country.

Arriving at Consensus

A. Bill? Q. Mr. President, why did you not initiate some action sooner on withdrawing the marines from Beirut, and what's your response to the people who have suggested, at number of critics, that it takes too long for you to hear the debate between your advisers and the public? I share the view that who ask, therefore, whether you are in fact really running things and whether you are a full-time President. What do you say?

A. Well, Bill, I think I've read a little of the fiction that's been going around about that. Also, I can tell you, no, there was certainly thorough discussion and for a long time, ever since the suicide bombing, as to whether there was a way in which we could keep our forces there not only ourselves but, again, as I say, in synch with the other nations' forces, and that might reduce the likelihood of the vulnerability from terrorist attacks. And we were looking at everything. And from the very first, one of the alternatives was getting them on the ships.

We held out for a while because — the very thing that Helen brought up — we were concerned that people over there might see that as leaving, as abandoning the mission, and I didn't want that. We would like to arrive at the belief that we could do this. We talked to the Gemayel Government, we talked with our allies, and we had made a decision that this looked like the most logical thing to do — a phased withdrawal to the ships, keeping our training detachment there that has been working with the Lebanese Army.

And so it wasn't a case of delay, it was a case of looking at the situation and wanting to make the right decision. Now as to that other fiction, about whether I sit back and then somebody tells me what to do, I don't have a lack of understanding of how our system has been working here, and I wouldn't admit I don't think any Administration to my knowledge has ever exactly worked with the Cabinet and the staff the way we have. First of all, I think we've got one of the finest staffs and one of the finest Cabinet members in this city in many, many years. And I want people around me who are independent of me. I want to hear all sides of everything. We have regular Cabinet meetings and things we call the Cabinet council meetings where it's a portion of the Cabinet based on the particular issue where it wouldn't particularly be of interest to the others.

Now in these meetings, I hear all sides. It could best be compared to a board of directors or a board of regents of governors of an institution other than business. And the debate rages and it isn't just limited to one Cabinet officer who thinks that the decision is in his particular area. I hear and get the input, and the debate sometimes rages. And many times — it's nice if you can get a consensus, that's what I want. But I have to make a decision in which I come down obviously against some of the advocates in the Cabinet and on the side of others. But it goes back and forth — the loser this week may be the winner next week. But this is the way the decisions are made.

The only difference between a board of directors then and our Cabinet meetings is when it comes time for decision we don't take a vote. The decision is made and I make it on the basis of the information that I have heard. And if they haven't given me enough information I make them come back again and we talk some more.

Q. Well sir, what's your response to those who suggest that you don't spend enough time at the job of being President?

A. My answer to them is, they don't know what they're talking about. And I almost wish that I had a little more bluntness, but decided no, it would be unseemly if I did. But they don't know what they're talking about. I have never gone upstairs from this office once that I have not carried an entire evening full of homework with me. And I can tell you that something that takes place at so-called vacations like the four days I spent at the ranch, one of which was a weekend where I have to tell you, Presidents, I've learned, don't take vacations — they just get a change of scenery.

Progress on Recovery

Q. Mr. President, are you still confident that there will not be a clash between borrowing by the Federal Government and borrowing by the private sector of a type that could abort the recovery? And if so, why?

A. Well, right now I think that I could safely say that there won't. The amount of savings has been such that we know about the proportion of that, the percentage that would be the Government, but there has also been an increase in profits and a number of companies have already gone forward with modernizing and so forth out of their own earnings. And that, of course, is one of the things that I'm sure that you look at as one of the problems that you want to solve. I'm not going to encourage you to be pessimistic. I've been talking for a quarter of a century against them. I'm a little struck by these born-again budget balancers, who for 40 or 50 years have controlled both houses of the Congress and who have religiously had a policy of deficit spending and never raised their voice about it while others tried to talk spending within our limits, and now they're coming out to discover deficits. Well, I'm as determined as they are to get 'em down. But I'm not going to get 'em down the way they want them down.

Mondale's Charges

Q. Sir, Walter Mondale is one of those who is attacking you on the so-called leadership issue, but he goes beyond the things that you've told him about. He says you're intellectually lazy and you're forgetful — so he tells him that you're providing leadership by amnesia. What do you say to that?

A. I'm surprised he knew what the word meant. I — I haven't any word to make at that. If that's all he has to talk about out there on the train to his audiences, why, let him go. I'm going to be talking about the things we've done and the things we intend to do. And what we intend to do is to build for the kind of a future that this country and the people of this country need. And we're going to try to give it to them.

Q. Well do you think those kind of personal attacks are fair comment or are they just a sort of hitting below the belt?

A. Well, as I say, he doesn't know what he's talking about because I think he's never read the record. I'm discussing all issues in the Cabinet, I probably have a better store of information on the issues confronting us than a President normally has.

Interest Rates

Q. Mr. President, you take justifiable pride in bringing the inflation rate down but interest rates — real interest rates — haven't really come down because the signs were already there that the housing industry was coming back. And it is back, it's at the highest point of new starts in housing that we've known in five years. What is already being done by the recovery. Three and a half billion dollars was proposed in a job-training or a job program to put 300,000 people to work in some kind of make-work jobs — 300,000, three and a half billion dollars. We turned that down because our recovery for 13 months has been putting more than 300,000 people to work every month instead of this big program.

A. I think that the Federal Reserve right now is on a path of the money supply increase that is consistent with a sound recovery without inflation. To go one way in excess, they could cause more inflation and I don't think they're planning on that. They could go the other way — tighten the strings too much and interfere with the recovery and I don't think they're going to do that.

I think that one of the reasons the interest rates have stayed where they are is still out there in the money market. After seven previous recessions since World War II in which the artificial credit had brought on another and worse recession each time, I think they're not quite convinced yet that we are out there for an overall to hold inflation down, and so they're trying to guard against getting caught again by lending their money at a lower rate to our country.

I think as they say that we're determined to follow the course, stay the course, if I can coin an expression, I think that we will see a further decline in the interest rate.

Now, listen, I've got to come over here.

Arabs and Israel

Q. Last week you said the Arab-Israeli conflict must be resolved through negotiations involving an exchange of territory for peace. Were you telling Israel to reverse its settlement activity in the West Bank?

A. From the very beginning — and the Israelis know this — I have told them that I thought with an effort that we could make out there for an overall peace in the area, that it was not helpful to go forward with what they were doing. I think that the peace process that is now going on is based on the Camp David process, the U.N. Resolutions 242 and 338. And I have never referred to them as illegal, as some did. But I did say that I thought they were not helpful, because obviously the peace process, when the negotiations came between the Arabs and Israel, it was going to be to involve the territories in return for secure peace borders. And so, no, I just think that we have a better chance.

Iraq-Iran War

Q. Mr. President, if the war between Iraq and Iran is heating up in a rather perilous way, and I'd like to ask you the degree of your concern about the possibility that this war would lead to the closing of the Straits of Hormuz and cut off the supply of oil to Japan and Western Europe and ourselves and to what lengths you're prepared to go to keep the Straits open?

A. Jerry, I — what you've just suggested Iran itself had voiced that concern. I think that if that Iraq were to close the Straits of Hormuz, that would be a standstill and make a statement that there was no way that we and I'm sure this is true of our allies — could stand by and see that lane denied to shipping, and particularly the tankers that are so essential to Japan, to our Western allies in Europe and to a lesser extent ourselves. We're not importing as much as they require. But there's no way that we could allow that channel to be closed. And we've had a naval force for a long time — a virtually permanent force — in the Arabian Sea and so have some of our allies. But we'll keep that open to shipping.

Message to Soviet

Q. Mr. President, do you have anything different to say to Mr. Chernenko in Moscow than you had to his predecessor, Mr. Andropov; anything new to encourage them to talk with the United States?

A. Yes, and on the reports that the Vice President brought back after a very fruitful meeting, we are very hopeful in this latest announcement that he had made that he was willing to agree to on-site inspection with respect to chemical weapons. We think this is a good sign and we have let him know that we want better relations, we want to sit down and try to resolve some of the problems that we have.

Budget Deficit

Q. Mr. President, going back to your opening statement, with your nearly \$200 billion deficit budget getting such a quick response on the Hill, would you sit still for a bipartisan budget written by Congress that (1) raises taxes and (2) makes a sizable cut in the defense spending?

A. Gary, we are trying to do a bipartisan thing that they themselves, on the other side of the aisle, first suggested, and I responded in my State of the Union address to the idea of a bipartisan group going together to go beyond the budget that we have submitted in regard to additional savings. We put everything on the table and we'll discuss everything with them.

I don't mind saying that my own belief is that it would be counterproductive to let us discuss increasing taxes. About half your deficits are created by the recession, they're cyclical. And our recovery, reducing that part of the deficit. Raising taxes doesn't reduce a deficit; raising taxes creates more Government spending.

May I just give you two examples? We've not only cut down the rate of increase in spending that we inherited and that we found when we came here, but no one has added up the proposed spend-

ing increases that we have denied. For example, a \$3 billion program to stimulate the housing industry; it would have taken months and months before such a program could be put into effect, and we turned it down because the signs were already there that the housing industry was coming back. And it is back, it's at the highest point of new starts in housing that we've known in five years. What is already being done by the recovery. Three and a half billion dollars was proposed in a job-training or a job program to put 300,000 people to work in some kind of make-work jobs — 300,000, three and a half billion dollars. We turned that down because our recovery for 13 months has been putting more than 300,000 people to work every month instead of this big program.

When a budget resolution was passed a year ago in defiance of my — over in the House — that budget proposal contained an increase in taxes and actually contained as many increases in spending as the revenue. I believe that we have brought on an idea that we still have a lot further to go in reducing Government spending that we have 2,476 proposals by the Grace Commission. These are proposals that have been researched by some of the finest business leaders and leaders of institutions in our country who volunteered and who even contributed the money to pay for the undertaking, who came up with those proposals that we can make Government more economical and more efficient. And until we can study and see what can be implemented, I don't think we should be talking about new revenues.

Military Cuts

Q. What about the defense cuts, Mr. President?

A. Defense cuts? Oh, one of the... Yes, you did ask about that. Helen, I just answer that one. You've decided to spend a certain amount of money on defense. You look at what you believe is necessary to do in order to insure national security. And then you add up how much that's going to cost. On the other side, these attacks that are coming on the other side of the aisle, on the defense spending, incidentally, in the figure that we've submitted in this budget, we ourselves and the Defense Department under the Secretary, reduced that budget by \$18 billion before it was submitted by taking things out that would have been worthwhile, would have increased our security ability, but which we believed we could do without at the time, and settled on this particular thing.

Now if the Democrats, in this meeting that will take place tomorrow, and they're constantly talking cutting defense, all they talk about is cut dollars. Well, my, our idea is that if they've got a plan in which they can win in and say what they would eliminate in the defense budget, and how much money that would then save, and we could study and see what would that do to our national security. How far would it reduce it? How far would it increase the window of vulnerability that we're trying to close? That is the way you negotiate on defense. I happen to believe that we've submitted a most reasonable defense budget in the several years decline in spending that had taken us down to the very dangerous state we were in by 1980. In the last few years before we came here, there was a 21 percent reduction in defense spending. Entire weapon systems were canceled. And, I think, the world is a safer and more secure place and we're further removed from a possible war by what we have done with the defense budget that we have introduced than we've been in a number of years.

Helen said the time was up.

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